

## **news release**

**for immediate release**

June 16, 2022

### **Penn SERS 2021 Financial Report Available**

HARRISBURG – The Pennsylvania State Employees' Retirement System today announced the release of its *2021 Annual Comprehensive Financial Report* for the calendar year ended Dec. 31, 2021.

The purpose of this report is to provide a clear accounting of SERS' operations and financial position with details about the traditional Defined Benefit Plan and the Defined Contribution Plan.

**Defined Benefit Plan** highlights include:

- **Benefit Payments** - As of Dec. 31, 2021, SERS had approximately \$40.2 billion after paying out approximately \$3.7 billion in retirement benefits to more than 134,000 retirees and beneficiaries; \$3.4 billion – roughly 90% - was paid to people living in Pennsylvania, stimulating local economies.
- **Investment Performance** - The SERS portfolio returned approximately 17.2%, more than double the fund's assumed rate of return. The end of 2021 marks 10-, 15-, 20-, and 25-year periods of returns of 9.4%, 6.5%, 7.7%, and 8.0% (net of fees), respectively.
- **Funded Status** - Based on the actuarial methods used for funding purposes, as of Dec. 31, 2021, the unfunded actuarial accrued liability was \$16.1 billion, with a funded ratio of 69.6%. These values are used to determine the employer contribution rates for the Defined Benefit Plan and are the most commonly communicated values.

Based on the GASB 67 accounting valuation used for financial reporting purposes, as of Dec. 31, 2021, the resulting net pension liability was \$12.7 billion, with a fiduciary net position as a percentage of the total pension liability of 76.0%. These values are used for reporting purposes only and have no impact on the funding of the system.

- **Membership** - In 2021, SERS served approximately 239,000 total members from 101 agencies/employers. As is the case with mature pension plans, new retirees tend to have higher benefits than those leaving the annuity payroll. Last year, approximately 6,000 SERS members retired with an average annual benefit of about \$32,000. Approximately 5,000 retirees, who had average annual benefits of about \$18,000, were removed from the rolls.
- **Plan Costs Decreasing** - The annual cost of the plan continues to drop as the number of members in the newer A-3, A-4, A-5, and A-6 classes of service, and the defined contribution-only plan increases.

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- **Employer Contributions** – Despite an increase to the composite employer contribution rate from 33.48% to 33.81% on July 1, 2021, the total employer contributions of \$2.9 billion were 10% lower than in 2020. The decrease was due primarily to lower special lump sum payments made by employers toward their unfunded liabilities in exchange for reduced annual payments. PSU made a lump sum payment of \$1.06 billion in April 2020 and PASSHE made a lump sum payment of \$825 million in April 2021. In addition, there was a slight decrease in gross salaries and a reduction in the overall active membership, with a larger portion of the active membership in the newer classes of service.

**Defined Contribution Plan** highlights include:

- **Participants/Accounts** - There were approximately 18,700 defined contribution investment accounts as of Dec. 31, 2021. Most new state employees are automatically enrolled in the Hybrid Plan, in which a portion of their retirement benefit comes from their personal defined contribution investment account.
- **Plan Assets** - As of Dec. 31, 2021, the Defined Contribution Plan had a net position of approximately \$78.0 million.
- **Contributions** – Employers contributed approximately \$11.4 million to the plan and employees contributed approximately \$25.5 million during 2021.
- **Investment Options and Income** - Plan participants can choose from 10 target date funds, four stock index funds, three bond index funds, a short-term investment fund (money market fund), and a self-directed brokerage fund option. Most plan participants invest in the default option target date fund. Participants earned net investment income of approximately \$7.5 million in 2021.
- **Expenses** – Plan expenses totaled approximately \$4.0 million in 2021. Currently, the fees, costs, and expenses of administering the plan are funded by participating employers through a per-participant charge and unvested employer contributions.

In addition, SERS' actuary published its [2021 Actuarial Report](#) detailing the system's assets and liabilities as of Dec. 31.

Both reports, along with other information, are available in the [Resources](#) section of the SERS website, [www.SERS.pa.gov](http://www.SERS.pa.gov).

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**Pennsylvania State Employees' Retirement System**

Established in 1923, SERS is one of the nation's oldest and largest retirement plans for public employees, with more than 239,000 members. As of Dec. 31, 2021, SERS' Defined Benefit Plan had net assets of \$40.2 billion and the Defined Contribution Plan, which launched on Jan. 1, 2019, had \$78.0 million. SERS also administers a voluntary supplemental Deferred Compensation Plan with approximately 57,600 participants and net assets of nearly \$4.8 billion as of Dec. 31, 2021. A wealth of information is available at [www.SERS.pa.gov](http://www.SERS.pa.gov).

**for more information**

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